

Senate File 574 - Introduced

SENATE FILE 574

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1162)

A BILL FOR

1 An Act establishing the major economic growth attraction
2 program to be administered by the economic development
3 authority, and providing penalties.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 9I.3, subsection 3, Code 2023, is amended
2 by adding the following new paragraph:

3 NEW PARAGRAPH. *f.* (1) An interest in agricultural land
4 acquired by a foreign business for an immediate use other than
5 farming if all of the following requirements are met:

6 (a) The foreign business qualifies as an eligible business
7 pursuant to section 15.283.

8 (b) The foreign business is incorporated under the laws of
9 a foreign country that is an allied country and the foreign
10 business is wholly owned directly or indirectly by nonresident
11 aliens of an allied country, or is a business entity, whether
12 or not incorporated, which is wholly owned directly or
13 indirectly by nonresident aliens of an allied country. As part
14 of the foreign business's application under section 15.284,
15 the foreign business provides documentation to the authority,
16 as deemed necessary by the authority, to establish that the
17 foreign business is incorporated under the laws of a foreign
18 country that is an allied country and the foreign business is
19 wholly owned directly or indirectly by nonresident aliens of
20 an allied country; or is a business entity, whether or not
21 incorporated, which is wholly owned directly or indirectly by
22 nonresident aliens of an allied country.

23 (c) The agricultural land is a mega site, or included in a
24 mega site.

25 (d) The foreign business is not actively engaged in farming.

26 (e) The board authorizes the acquisition of the
27 agricultural land under the MEGA program administered by the
28 economic development authority pursuant to sections 15.281
29 through 15.289.

30 (2) As used in this paragraph:

31 (a) "*Actively engaged in farming*" means the same as defined
32 in section 15.282.

33 (b) "*Allied country*" means the same as defined in 10 U.S.C.
34 §2350f(d)(1).

35 (c) "*Authority*" means the economic development authority.

1 (d) *Board* means the members of the authority appointed by
2 the governor and in whom the powers of the authority are vested
3 pursuant to section 15.105.

4 (e) *Certified site* means a site that has been issued a
5 certificate of readiness by the authority pursuant to section
6 15E.18.

7 (f) *Mega site* means the same as defined in section 15.282.

8 Sec. 2. NEW SECTION. 15.281 Short title.

9 This part shall be known and may be cited as the *Major*
10 *Economic Growth Attraction Program* or *MEGA Program*.

11 Sec. 3. NEW SECTION. 15.282 Definitions.

12 As used in this part, unless the context otherwise requires:

13 1. *Actively engaged in farming* means any of the following:

14 a. Performing physical work which significantly contributes
15 to crop or livestock production.

16 b. Making or taking part in making decisions contributing to
17 or affecting the success of a farm's operations.

18 c. Entering into a contractual relationship with an
19 outside entity to farm agricultural land as part of a farm's
20 operations.

21 2. *Base employment level* means the number of full-time
22 equivalent positions at a business, as established by the
23 authority and the business using the business's payroll
24 records, as of the date the business applies for tax incentives
25 under the program.

26 3. *Benefit* means nonwage compensation provided to an
27 employee. *Benefits* include medical and dental insurance, a
28 pension, a retirement plan, a profit-sharing plan, child care,
29 life insurance, vision insurance, and disability insurance.

30 4. *Certified site* means a site that has been issued a
31 certificate of readiness by the authority pursuant to section
32 15E.18.

33 5. *Community* means a city, county, or entity established
34 pursuant to chapter 28E.

35 6. *Contract completion* means the date of completion of

1 the terms of a contract between a contractor and an eligible
2 business.

3 7. "*Contractor*" means a person that has executed a contract
4 with an eligible business for the provision of property,
5 materials, or services for the construction or equipping of a
6 facility that is part of the eligible business's project.

7 8. "*Created jobs*" or "*create jobs*" means new, permanent,
8 full-time equivalent positions added to an eligible business's
9 payroll, at the location of the eligible business's project, in
10 excess of the eligible business's base employment level.

11 9. "*Data center business*" means the same as defined in
12 section 423.3, subsection 95.

13 10. "*Eligible business*" means a business that meets the
14 requirements of section 15.283.

15 11. "*Foreign business*" means the same as defined in section
16 9I.1.

17 12. "*Full-time equivalent position*" means a non-part-time
18 position for the number of hours or days per week considered
19 to be full-time work for the kind of service or work performed
20 for an employer. Typically, a "*full-time equivalent position*"
21 requires two thousand eighty hours of work in a calendar year,
22 including all paid holidays, vacations, sick time, and other
23 paid leave.

24 13. "*Maintenance period*" means the period of time between
25 the project completion date and the maintenance period
26 completion date during which an eligible business must maintain
27 all created jobs per the agreement under section 15.285.

28 14. "*Maintenance period completion date*" means the date on
29 which the maintenance period ends.

30 15. "*Mega site*" means a certified site greater than one
31 thousand acres.

32 16. "*Program*" means the major economic growth attraction
33 program.

34 17. "*Project*" means an activity or set of activities
35 directly related to the start-up or location of an eligible

1 business, proposed in an eligible business's application to the
2 program, that will accomplish the goals of the program.

3 18. "*Project completion date*" means the date by which an
4 eligible business that has been approved by the authority to
5 participate in the program agrees to complete the terms and
6 conditions of the agreement under section 15.285.

7 19. "*Project completion period*" means the period of time
8 between the date the authority approves an eligible business to
9 participate in the program and the project completion date.

10 20. "*Qualifying investment*" means a capital investment
11 in real property located on a certified site, including the
12 purchase price of the land, site preparation, infrastructure,
13 and building construction for use in the operation of an
14 eligible business. "*Qualifying investment*" also means a capital
15 investment in depreciable assets for use in the operation of an
16 eligible business.

17 21. "*Qualifying wage threshold*" means the mean wage level
18 represented by the wages within two standard deviations of
19 the mean wage within the laborshed area in which the eligible
20 business is located, as calculated by the authority by rule,
21 using the most current covered wage and employment data
22 available from the department of workforce development for the
23 laborshed area in which the eligible business is located.

24 22. "*Subcontractor*" means a person that contracts with
25 a contractor for the provision of property, materials, or
26 services for the construction or equipping of a facility that
27 is part of an eligible business's project.

28 23. "*Tax incentives*" means tax credits, tax refunds, or tax
29 exemptions authorized under the program by the authority for an
30 eligible business.

31 **Sec. 4. NEW SECTION. 15.283 Eligible business.**

32 1. To be eligible to receive tax incentives under
33 the program, a business must meet all of the following
34 requirements:

35 a. The business's proposed project must be located on a

1 certified site greater than two hundred fifty acres that the
2 authority has determined is suitable for the project.

3 *b.* The business's qualifying investment in the proposed
4 project must exceed one billion dollars.

5 *c.* The community in which the proposed project is located
6 must approve the project either by ordinance or resolution.

7 *d.* (1) The business must be primarily engaged in advanced
8 manufacturing, biosciences, or research and development.
9 The business shall not be a data center business, a retail
10 business, or a business where a cover charge or membership
11 requirement restricts certain individuals from entering the
12 business.

13 (2) Factors the authority shall consider to determine if
14 a business is primarily engaged in advanced manufacturing,
15 biosciences, or research and development shall include but are
16 not limited to all of the following:

17 (a) The business's North American industry classification
18 system code.

19 (b) The business's main sources of revenue.

20 (c) The business's customer base.

21 *e.* (1) The business must not be solely relocating
22 operations from one area of the state to another area of
23 the state. A proposed project that does not create jobs or
24 involve a substantial amount of new capital investment shall
25 be presumed to be a relocation of operations. For purposes of
26 this subparagraph, the authority shall consider a letter from
27 the affected local community's government officials supporting
28 the business's move away from the affected local community
29 in making a determination whether the business is solely
30 relocating operations.

31 (2) This paragraph shall not be construed to prohibit
32 a business from expanding the business's operations in a
33 community if the business has similar operations in this state
34 that are not closing or undergoing a substantial reduction in
35 operations.

1 *f.* The business must create jobs as part of the business's
2 proposed project. The business must demonstrate that the
3 created jobs will pay at least one hundred forty percent of the
4 qualifying wage threshold by the project completion date, and
5 through the maintenance period completion date.

6 *g.* The business must provide comprehensive benefits to
7 each employee employed in a created job. The authority may
8 adopt rules under chapter 17A to determine the requirements for
9 comprehensive benefits.

10 *h.* (1) The business must not have a record of violations
11 of the law or of regulations, including but not limited to
12 antitrust, environmental, trade, or worker safety, that over
13 a period of time show a consistent pattern or that establish
14 the business's intentional, criminal, or reckless conduct in
15 violation of such laws or regulations.

16 (2) If the authority determines that the business has a
17 record of violations described in subparagraph (1), and the
18 authority finds that the violations did not seriously affect
19 public health, public safety, or the environment, the business
20 may be eligible to qualify for tax incentives, and an exemption
21 under section 9I.3, subsection 3, paragraph "*f*", under the
22 program.

23 (3) If the authority determines that the business has
24 a record of violations described in subparagraph (1), and
25 the authority finds that there were mitigating circumstances
26 related to the violations, the business may be eligible to
27 qualify for tax incentives under the program.

28 (4) In making determinations and findings under
29 subparagraphs (2) and (3), and making a determination whether a
30 business is disqualified from the program, the authority shall
31 be exempt from chapter 17A.

32 2. *a.* In determining if a business is eligible to
33 participate in the program, the authority shall consider a
34 variety of factors, including but not limited to all of the
35 following:

1 (1) The quality of the business's proposed project's
2 created jobs. The authority shall place greater emphasis on
3 created jobs that are high wage, low turnover, that provide
4 comprehensive benefits, and that expose employees to minimal
5 occupational hazards. A business that pays wages substantially
6 below that of similar businesses located in the same geographic
7 area shall not be given priority under the program.

8 (2) The impact of the business's proposed project on
9 businesses that are in competition with the business.
10 The authority shall make a good-faith effort to identify
11 existing Iowa businesses in competition with the business
12 being considered for the program. The authority shall make
13 a good-faith effort to determine the probability that any
14 proposed tax incentives will displace employees of the
15 competing businesses. In determining the impact on the
16 competing businesses, created jobs resulting from employees
17 being displaced from the competing businesses shall not be
18 counted as created jobs for the applying business's project.

19 (3) The business's proposed project's economic impact
20 on the state. The authority shall place greater emphasis
21 on businesses and proposed projects that meet the following
22 requirements:

23 (a) The business has a high proportion of in-state
24 suppliers.

25 (b) The proposed project will diversify the state economy.

26 (c) The business has few in-state competitors.

27 (d) The proposed project has the potential to create jobs on
28 an ongoing basis.

29 (e) Any other factors the authority deems relevant in
30 determining the economic impact of a proposed project.

31 **Sec. 5. NEW SECTION. 15.284 Applications — authorization**
32 **of tax credits and exemptions.**

33 1. Applications for the program shall be submitted to the
34 authority in the form and manner prescribed by the authority by
35 rule. Each application must be accompanied by an application

1 fee in an amount determined by the authority by rule.

2 2. In determining the eligibility of a business to
3 participate in the program, the authority may engage outside
4 experts to complete a technical, financial, or other review
5 of an application submitted by a business if such review is
6 outside the expertise of the authority.

7 3. *a.* The authority and the board may negotiate with an
8 eligible business regarding the terms of, and the aggregate
9 value of, the tax incentives the eligible business may receive
10 under the program.

11 *b.* The board may authorize any combination of tax incentives
12 available under the program for an eligible business.

13 4. The board may authorize an exemption to restrictions on
14 agricultural land holdings pursuant to section 9I.3, subsection
15 3, paragraph "f".

16 Sec. 6. NEW SECTION. 15.285 **Agreement.**

17 1. An eligible business that is approved by the authority to
18 participate in the program shall enter into an agreement with
19 the authority that specifies the criteria for the successful
20 completion of all requirements of the program. The agreement
21 must contain, at a minimum, provisions related to all of the
22 following:

23 *a.* The eligible business must certify to the authority
24 annually that the business is in compliance with the agreement.

25 *b.* If the eligible business fails to comply with any
26 requirements of the program or the agreement, the eligible
27 business may be required to repay any tax incentives the
28 authority issued to the eligible business. A required
29 repayment of a tax incentive shall be considered a tax payment
30 due and payable to the department of revenue by any taxpayer
31 that claimed the tax incentive, and the failure to make the
32 repayment may be treated by the department of revenue in the
33 same manner as a failure to pay the tax shown due, or required
34 to be shown due, with the filing of a return or deposit form.

35 *c.* If the eligible business undergoes a layoff or

1 permanently closes any of its facilities within the state, the
2 eligible business may be subject to all of the following:

3 (1) A reduction or elimination of some or all of the tax
4 incentives the authority issued to the eligible business.

5 (2) Repayment of any tax incentives that the business
6 has claimed, and payment of any penalties assessed by the
7 department of revenue.

8 *d.* The project completion date, the maintenance period
9 completion date, the required number of created jobs, the
10 qualifying wage threshold that is applicable to the project,
11 the amount of qualifying investment, the maximum aggregate
12 value of the tax incentives authorized by the board, and any
13 other terms and obligations the authority deems necessary.

14 *e.* The eligible business shall only employ individuals
15 legally authorized to work in this state. If the eligible
16 business is found to knowingly employ individuals who are
17 not legally authorized to work in this state, in addition
18 to any penalties provided by law, all or a portion of any
19 tax incentives issued by the authority shall be subject to
20 recapture by the authority or the department of revenue.

21 *f.* The maximum amount of gross wages, not to exceed three
22 percent, that the eligible business may withhold under section
23 15.286B, and the time period, not to exceed the term of the
24 agreement, during which the specified amount of gross wages may
25 be withheld.

26 *g.* Any terms deemed necessary by the authority to effect the
27 eligible business's ongoing compliance with section 15.283.

28 2. The business shall satisfy all applicable terms of
29 the agreement by the project completion date; however, the
30 board may for good cause extend the project completion date or
31 otherwise amend the terms of the agreement. The board shall
32 not amend the terms of the agreement to allow an increase in
33 the maximum aggregate value of the tax incentives authorized by
34 the board under section 15.284, subsection 3.

35 3. The eligible business shall comply with all applicable

1 terms of the agreement during the maintenance period.

2 4. The eligible business shall not assign the agreement
3 to another entity without the advance written approval of the
4 board.

5 5. The authority may enforce the terms of the agreement as
6 necessary and appropriate.

7 Sec. 7. NEW SECTION. 15.286 Sales and use tax refund.

8 1. An eligible business that has been issued a tax incentive
9 certificate under the program shall be entitled to a refund
10 of the sales and use taxes paid under chapter 423 for gas,
11 electricity, water, and sewer utility services, tangible
12 personal property, or on services rendered, furnished, or
13 performed to or for a contractor or subcontractor and used in
14 the fulfillment of a written contract for the construction or
15 equipping of a facility that is part of the eligible business's
16 project. Taxes attributable to intangible property and
17 furniture and furnishings shall not be refunded.

18 2. To receive the sales and use tax refund, the eligible
19 business shall file a claim with the department of revenue as
20 follows:

21 a. The contractor or subcontractor shall state under oath,
22 on forms provided by the department of revenue, the amount of
23 the sales of tangible personal property or services rendered,
24 furnished, or performed including water, sewer, gas, and
25 electric utility services upon which sales or use tax has been
26 paid prior to contract completion, and shall submit the forms
27 to the eligible business before contract completion.

28 b. The eligible business shall inform the department of
29 revenue in writing of contract completion. The eligible
30 business shall, after contract completion, submit an
31 application to the department of revenue for a refund of the
32 amount of the sales and use taxes paid pursuant to chapter 423
33 upon any tangible personal property, or services rendered,
34 furnished, or performed, including water, sewer, gas, and
35 electric utility services. The application shall be submitted

1 in the form and manner prescribed by the department of revenue.
2 The department of revenue shall audit the application and,
3 if approved, issue a warrant or warrants to the eligible
4 business in the amount of the sales or use tax which has been
5 paid to the state of Iowa under subsection 1. The eligible
6 business's application must be submitted to the department of
7 revenue within one year after the project completion date. An
8 application filed by the eligible business in accordance with
9 this section shall not be denied by reason of a limitation set
10 forth in chapter 421 or 423.

11 c. The refund shall be remitted by the department of revenue
12 to the eligible business equally over five tax years. Interest
13 shall not accrue on any part of the refund that has not yet been
14 remitted by the department of revenue to the eligible business.

15 3. A contractor or subcontractor that willfully makes a
16 false report of tax paid under this section is guilty of an
17 aggravated misdemeanor, and shall be liable for payment of the
18 tax and any applicable penalty and interest.

19 Sec. 8. NEW SECTION. 15.286A **Qualifying investment tax**
20 **credit.**

21 1. The authority may authorize a tax credit for an eligible
22 business that is up to five percent of the eligible business's
23 qualifying investment in a certified site. The authority shall
24 not issue a tax credit certificate to the eligible business
25 until the eligible business's project has been placed in
26 service, and at least fifty percent of the created jobs the
27 eligible business agreed to in the agreement under section
28 15.285, and that pay at least one hundred forty percent of the
29 qualifying wage threshold, have been added to the eligible
30 business's payroll. The department of revenue shall remit
31 the tax credit to the eligible business equally over five tax
32 years. The tax credit shall be allowed against taxes imposed
33 under chapter 422, subchapter II, III, or V, and against the
34 moneys and credits tax imposed in section 533.329. If the
35 eligible business is a partnership, S corporation, limited

1 liability company, cooperative organized under chapter 501 and
2 filing as a partnership for federal tax purposes, or estate
3 or trust electing to have the income taxed directly to the
4 individual, an individual may claim the tax credit allowed.
5 The amount claimed by the individual shall be based upon the
6 pro rata share of the individual's earnings of the partnership,
7 S corporation, limited liability company, cooperative organized
8 under chapter 501 and filing as a partnership for federal tax
9 purposes, or estate or trust. Any tax credit in excess of
10 the eligible business's tax liability for the tax year may be
11 refunded or, at the eligible business's election, credited to
12 the eligible business's tax liability in any of the following
13 five consecutive tax years or until depleted, whichever occurs
14 first. The eligible business shall make such election prior to
15 the authority issuing a tax credit certificate to the eligible
16 business, and the eligible business's election shall be noted
17 on the tax credit certificate. A tax credit shall not be
18 carried back to a tax year prior to the tax year in which the
19 tax credit is first claimed by the eligible business.

20 2. If within five years of the date the authority issues
21 an eligible business a tax credit under subsection 1, the
22 eligible business sells, disposes of, razes, or otherwise
23 renders unusable all or a part of the land, buildings, or
24 other structures for which the tax credit was claimed under
25 this section, the tax liability of the eligible business for
26 the year in which all or part of the land, buildings, or other
27 existing structures are sold, disposed of, razed, or otherwise
28 rendered unusable shall be increased by one of the following
29 amounts:

30 a. One hundred percent of the tax credit claimed under
31 this section if all or a part of the land, buildings, or other
32 structures for which the tax credit was claimed under this
33 section cease to be eligible for the tax credit within one
34 year after the date the authority issued the tax credit to the
35 eligible business.

1 *b.* Eighty percent of the tax credit claimed under this
2 section if all or a part of the land, buildings, or other
3 structures for which the tax credit was claimed under this
4 section cease to be eligible for the tax credit within two
5 years after the date the authority issued the tax credit to the
6 eligible business.

7 *c.* Sixty percent of the tax credit claimed under this
8 section if all or a part of the land, buildings, or other
9 structures for which the tax credit was claimed under this
10 section cease to be eligible for the tax credit within three
11 years after the date the authority issued the tax credit to the
12 eligible business.

13 *d.* Forty percent of the tax credit claimed under this
14 section if all or a part of the land, buildings, or other
15 structures for which the tax credit was claimed under this
16 section cease to be eligible for the tax credit within four
17 years after the date the authority issued the tax credit to the
18 eligible business.

19 *e.* Twenty percent of the tax credit claimed under this
20 section if all or a part of the land, buildings, or other
21 structures for which the tax credit was claimed under this
22 section cease to be eligible for the tax credit within five
23 years after the date the authority issued the tax credit to the
24 eligible business.

25 Sec. 9. NEW SECTION. 15.286B Withholding tax credit.

26 1. From the remittance due to the department of revenue
27 pursuant to section 422.16, subsection 2, an eligible business
28 may withhold an amount, pursuant to section 15.285, subsection
29 1, paragraph "f", of the gross wages paid to each employee in a
30 created job that pays at least the qualifying wage threshold
31 pursuant to the agreement under section 15.285.

32 2. If the amount withheld under subsection 1 is less than
33 three percent of the gross wages paid to each employee in a
34 created job that pays at least one hundred forty percent of
35 the qualifying wage threshold, the eligible business shall

1 receive a credit against the remaining withholding taxes due
2 from the eligible business, or the eligible business may carry
3 the credit forward up to five consecutive tax years or until
4 depleted, whichever is earlier.

5 3. In any tax year, the aggregate amount of withholding tax
6 credit under this section and under any other program for which
7 an eligible business is receiving a withholding tax credit
8 shall not exceed the amount the eligible business is required
9 to deduct and remit to the department of revenue under section
10 422.16, subsection 2, for that tax year.

11 Sec. 10. NEW SECTION. 15.287 Foreign businesses —
12 acquisition of agricultural land.

13 1. If a foreign business's proposed project is located on a
14 mega site that includes agricultural land, the requirements of
15 section 9I.3, subsection 3, paragraph "f", must be satisfied in
16 order for the foreign business to be eligible for the program.

17 2. a. A foreign business under subsection 1 that is
18 approved by the authority to participate in the program shall
19 enter into an agreement with the authority pursuant to section
20 15.285. The agreement shall include a provision that requires
21 the foreign business to comply with chapter 9I, and specifies
22 that failure to do so may result in revocation of all tax
23 incentives issued by the authority to the foreign business.

24 b. The authority may grant the foreign business one or
25 more one-year extensions in which the foreign business must
26 comply with section 9I.4. The authority shall not grant
27 more than five one-year extensions. The community in which
28 the agricultural land is located must approve each one-year
29 extension by ordinance or resolution prior to the authority
30 granting each extension. The foreign business shall comply
31 with the remaining provisions of chapter 9I to the extent the
32 provisions do not conflict with this section.

33 Sec. 11. NEW SECTION. 15.288 Other incentives.

34 1. Except for the high quality jobs program administered
35 by the authority pursuant to sections 15.326 through 15.336,

1 and the targeted jobs withholding credit pursuant to section
2 403.19A, an eligible business may apply for and be eligible to
3 receive other federal, state, and local incentives in addition
4 to the tax incentives issued by the authority to the eligible
5 business under the program.

6 2. The authority, in its discretion, may prohibit an
7 eligible business that has been issued tax incentives under
8 the program from receiving any additional tax incentive, tax
9 credit, grant, loan, or other financial assistance under any
10 program administered by the authority.

11 **Sec. 12. NEW SECTION. 15.289 Property tax exemption.**

12 1. A community in which an eligible business's project
13 is located may grant the eligible business a property
14 tax exemption for a portion of the actual value added by
15 improvements to real property directly related to the eligible
16 business's created jobs. The community may allow a property
17 tax exemption for a period not to exceed twenty years beginning
18 the year that the improvements to real property are first
19 assessed for taxation.

20 2. For purposes of this section, "*improvements*" means new
21 construction, and rehabilitation of and additions to existing
22 structures.

23 3. A property tax exemption granted under subsection 1 shall
24 apply to all taxing districts, except for school districts, in
25 which the real property is located.

26 **Sec. 13. NEW SECTION. 15.290 Restrictions on board.**

27 The board shall not authorize tax incentives available under
28 the program, or an exemption to restrictions on agricultural
29 land holdings pursuant to section 9I.3, subsection 3, paragraph
30 "f", for more than two eligible businesses, or on or after
31 January 1, 2026, whichever occurs first.

32 **EXPLANATION**

33 The inclusion of this explanation does not constitute agreement with
34 the explanation's substance by the members of the general assembly.

35 This bill establishes a major economic growth attraction

1 program (program) to be administered by the economic
2 development authority (authority).

3 To be eligible to receive tax incentives (incentives) under
4 the program, a business's proposed project (project) must be
5 located on a certified site greater than 250 acres that the
6 authority has determined is suitable for the project, and the
7 business's qualifying investment in the project must exceed \$1
8 billion. Other requirements for a business to be eligible for
9 the program are detailed in the bill. "Qualifying investment"
10 is defined in the bill as a capital investment in real property
11 located on a certified site, including the purchase price
12 of the land, site preparation, infrastructure, and building
13 construction for use in the operation of an eligible business.
14 "Qualifying investment" also means a capital investment in
15 depreciable assets for use in the operation of an eligible
16 business. "Certified site" is defined as a site that has been
17 issued a certificate of readiness by the authority pursuant to
18 Code section 15E.18. "Tax incentives" and "project" are also
19 defined in the bill.

20 In determining if a business is eligible to participate
21 in the program, the authority shall consider a variety of
22 factors, including but not limited to whether the jobs created
23 by the business's project are high wage, low turnover, provide
24 comprehensive benefits, and expose employees to minimal
25 occupational hazards; the impact of the project on businesses
26 that compete with the business applying to the program; and
27 the project's economic impact on the state. The bill requires
28 the authority to place greater emphasis on businesses that
29 have a high proportion of in-state suppliers and few in-state
30 competitors; and on projects that diversify the state economy
31 and have the potential to create jobs on an ongoing basis.

32 Applications for the program shall be submitted in the
33 form and manner prescribed by the authority by rule and be
34 accompanied by an application fee in an amount determined by
35 the authority by rule. In determining a business's eligibility

1 for the program, the authority may engage outside experts
2 to complete a technical, financial, or other review of an
3 application if such review is outside the expertise of the
4 authority. The authority and the authority's board (board)
5 may negotiate with an eligible business regarding the terms
6 of, and the aggregate value of, the incentives the eligible
7 business may receive under the program. The board may
8 authorize any combination of incentives available under the
9 program for an eligible business. The board may authorize an
10 exemption to restrictions on agricultural land holdings for a
11 foreign business that qualifies for the program pursuant to
12 the requirements detailed in the bill. "Foreign business" is
13 defined in the bill.

14 The bill requires an eligible business that is approved to
15 participate in the program to enter into an agreement with
16 the authority (agreement) that specifies the criteria for the
17 successful completion of all requirements of the program.
18 The agreement shall contain, at a minimum, the provisions
19 as detailed in the bill. The business shall satisfy all
20 applicable terms of the agreement by the project completion
21 date; however, the board may for good cause extend the project
22 completion date or otherwise amend the terms of the agreement.
23 The board shall not amend the terms of the agreement to allow
24 an increase in the maximum aggregate value of the incentives
25 authorized by the board. "Project completion date" is defined
26 in the bill. The bill permits the authority to enforce the
27 terms of the agreement as necessary and appropriate.

28 An eligible business that has been issued a certificate
29 under the program shall be entitled to a refund of the sales
30 and use taxes (refund) paid under Code chapter 423 for gas,
31 electricity, water, and sewer utility services, tangible
32 personal property, or on services rendered, furnished, or
33 performed to or for a contractor or subcontractor and used
34 in the fulfillment of a written contract relating to the
35 construction or equipping of a facility that is part of the

1 eligible business's project. Taxes attributable to intangible
2 property and furniture and furnishings shall not be refunded.
3 The procedure for the business to receive the refund is
4 detailed in the bill. The refund shall be remitted by the
5 department of revenue (department) to the eligible business
6 equally over five tax years. Interest shall not accrue on
7 any part of the refund not yet remitted by the department to
8 the eligible business. A contractor or subcontractor that
9 willfully makes a false report of tax paid is guilty of an
10 aggravated misdemeanor, and shall be liable for payment of the
11 tax and any applicable penalty and interest. An aggravated
12 misdemeanor is punishable by confinement for no more than two
13 years and a fine of at least \$855 but not more than \$8,540.

14 The authority may authorize a tax credit for an eligible
15 business that is up to 5 percent of the business's qualifying
16 investment in a certified site. The authority shall not
17 issue a tax credit certificate until the eligible business's
18 project has been placed in service, and at least 50 percent
19 of the created jobs the eligible business agreed to in the
20 agreement, and that pay at least 140 percent of the qualifying
21 wage threshold, have been added to the eligible business's
22 payroll. "Created job" and "qualifying wage threshold" are
23 defined in the bill. The department shall remit the tax credit
24 to the eligible business equally over five tax years. The
25 tax credit shall be allowed against taxes imposed under Code
26 chapter 422, subchapter II, III, or V, and against the moneys
27 and credits tax imposed in Code section 533.329. Any tax
28 credit in excess of the eligible business's tax liability for
29 the tax year may be refunded or, at the eligible business's
30 election, credited to the eligible business's tax liability
31 in each of the following five consecutive tax years or until
32 depleted, whichever occurs first. The eligible business
33 shall make such election prior to the authority issuing a
34 tax credit certificate to the eligible business, and the
35 eligible business's election shall be noted on the tax credit

1 certificate. A tax credit shall not be carried back to a tax
2 year prior to the tax year in which the tax credit is first
3 claimed by the eligible business. If within five years of the
4 date the authority issues an eligible business a qualifying
5 investment tax credit the eligible business sells, disposes
6 of, razes, or otherwise renders unusable all or a part of the
7 land, buildings, or other structures for which the tax credit
8 was claimed, the tax liability of the eligible business for
9 the year in which all or part of the land, buildings, or other
10 existing structures are sold, disposed of, razed, or otherwise
11 rendered unusable shall be increased by an amount as detailed
12 in the bill.

13 From the remittance due to the department pursuant to Code
14 section 422.16(2), an eligible business may withhold the
15 amount specified in the agreement, not to exceed 3 percent, of
16 the gross wages paid to each employee in a created job that
17 pays at least the qualifying wage threshold specified in the
18 agreement. The withholding may occur for the time period,
19 not to exceed the term of the agreement, specified in the
20 agreement. If the amount withheld is less than 3 percent of
21 the gross wages paid to each employee in a created job, the
22 eligible business shall receive a credit against the remaining
23 withholding taxes due from the business, or the business may
24 carry the credit forward up to five consecutive tax years or
25 until depleted, whichever is earlier. In any tax year, the
26 aggregate amount of withholding tax credit under this program,
27 and any other program for which an eligible business is
28 receiving a withholding tax credit, shall not exceed the amount
29 the eligible business is required to deduct and remit to the
30 department under Code section 422.16(2) for that tax year.

31 If a foreign business's proposed project is located on a
32 mega site that includes agricultural land, the requirements as
33 detailed in the bill must be satisfied for the foreign business
34 to be eligible for the program. "Mega site" is defined in the
35 bill as a certified site greater than 1,000 acres. A foreign

1 business that is approved by the authority to participate in
2 the program shall enter into an agreement with the authority
3 that includes a provision that requires the foreign business
4 to comply with Code chapter 9I, and specifies that failure to
5 do so may result in revocation of incentives issued by the
6 authority to the foreign business. The authority may grant the
7 foreign business one or more one-year extensions in which the
8 foreign business must come into compliance with Code section
9 9I.4. The authority shall not grant a business more than five
10 one-year extensions. The community in which the agricultural
11 land is located must approve each extension by ordinance or
12 resolution prior to the authority granting each extension.

13 Except for the high quality jobs program, and the targeted
14 jobs withholding credit, an eligible business may apply
15 for and be eligible to receive other federal, state, and
16 local incentives in addition to the incentives the authority
17 issues to the business under the program. The authority, in
18 its discretion, may prohibit an eligible business that has
19 been issued incentives under the program from receiving any
20 additional tax incentive, tax credit, grant, loan, or other
21 financial assistance under any program administered by the
22 authority.

23 The bill allows a community in which an eligible business's
24 project is located to grant the eligible business a property
25 tax exemption (exemption) for a portion of the actual value
26 added by improvements to real property directly related
27 to the eligible business's created jobs. The community
28 may allow an exemption for a period not to exceed 20 years
29 beginning the year that the improvements are first assessed
30 for taxation. "Improvements" is defined as new construction,
31 and rehabilitation of and additions to existing structures.
32 An exemption granted by a community shall apply to all taxing
33 districts, except for school districts, in which the real
34 property is located.

35 The board shall not authorize incentives available under the

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1 program, or an exemption to restrictions on agricultural land
2 holdings pursuant to Code section 9I.3(3)(f), for more than two
3 eligible businesses, or on or after January 1, 2026, whichever
4 occurs first.